

MINUTES
BROWN COUNTY HOUSING AUTHORITY
Monday, February 18, 2013, 3:00 p.m.
City Hall, 100 N. Jefferson Street, Room 604
Green Bay, WI 54301

MEMBERS PRESENT: Tom Diedrick–Chair (via teleconference), Rich Aicher–Vice-Chair, Ann Hartman, Sup. Andy Nicholson

OTHERS PRESENT: Robyn Hallet, Rob Strong, John Heugel, Ben Fauske, Randy Gast, Pat Leifker, Dawn DeWitt, Matt Roberts, DonElla Payne, Amanda Woldt, Keith Pamperin, Kelly Franz, Gerald Condon, Dan Process, Scott Schoeneman, Ald. Dave Boyce

APPROVAL OF MINUTES:

1. Approval of the minutes from the January 21, 2013, meeting of the Brown County Housing Authority

A motion was made by Sup. A. Nicholson and seconded by A. Hartman to approve the minutes from the January 21, 2013, Brown County Housing Authority meeting, with the correction that A. Hartman was not at the January 7, 2013, meeting. Motion carried.

COMMUNICATIONS:

R. Aicher proposed to take some agenda items out of order, beginning with Item #4 followed by Item #10, and then Item #6.

A motion was made by Sup. A. Nicholson and seconded by A. Hartman to take the agenda items out of order. Motion carried.

R. Aicher asked guests to introduce themselves, and then thanked them all for attending the meeting.

NEW BUSINESS:

4. Approval of Resolution No. 13-01 Authorizing the Execution and Delivery of an Escrow Agreement Relating to the Defeasance and Refunding of Outstanding Student Housing Revenue Bonds

K. Pamperin, representing the Board of University Village Housing, Inc., stated that many years ago the Housing Authority, in a series of opportunities, issued double tax exempt housing mortgage revenue bonds for the funding of student housing on campus at the University of Wisconsin – Green Bay. At this point, they are requesting that those bonds be re-funded. He further explained that what would actually happen is the bonds would be transferred to the Green Bay Housing Authority and consolidated through the re-funding process.

K. Franz, Finance Director at the University, then added detail. He stated in 2001 three buildings were built. Due to the size of the financing – \$13.675 million – the University came to the Brown County Housing Authority who financed \$7 million, and the Green Bay Housing Authority financed \$6.65 million. Those were financed for 20 years with a long-term rate of 5.125%. As many know, the interest rates have dropped markedly, and they had a chance to refinance so the interest rates will drop to about 1.5%. He then clarified that they are not

extending the bond; they would just be refinancing them together. Between the Brown County Housing Authority and the Green Bay Housing Authority, they refinanced \$5.135 million to take advantage of the lower interest rate.

R. Hallet clarified for the stake of the Commissioners that this transaction would remove the Brown County Housing Authority going forward, and the Green Bay Housing Authority would be the issuer on all of the bonds.

K. Franz added that it was cheaper for underwriting purposes to consolidate.

Sup. A. Nicholson asked whether or not there would be an expense to the City with this. K. Pamperin answered that there would be no expense; the University Village Housing Inc. pays a fee to the Housing Authority on the bond, 0.1% annually for the life of the bond. If this is approved, roughly \$7,000 would be paid to the Housing Authority annually. He then clarified the \$13 million bond was done between the Housing Authorities because of laws dictating capacity issues. This is no longer an issue and could be done through one Housing Authority, which would in turn save underwriting fees.

R. Hallet stated that it would result in a little less revenue, some \$6,000 a year in fees paid to the Brown County Housing Authority, but the Green Bay Housing Authority would see an increase in fees. R. Aicher added that this is really the only downside to this.

A motion was made by Sup. A. Nicholson and seconded by A. Hartman to approve proceeding with the refinancing. Motion carried.

INFORMATIONAL:

10. Information regarding a BCHA Conversion Loan repayment

R. Hallet gave an introduction to this item, stating that the BCHA provides down payment and closing cost assistance, or conversion assistance to help homebuyers who are purchasing a home that was originally a single-family home, was at one time converted to a multi-family unit, and the homebuyer intends to convert it back to a single-family unit. The situation at hand is that there is a homeowner who had received this loan in the past, but has since moved to a new location because of a job opportunity and has been trying to sell the property. R. Hallet stated that as she understands, the family is currently paying rent in their new city and cannot afford to continue to pay the mortgage on the home purchased with conversion assistance. It has gone to the point where the home will need to go into a short sale, impacting the first mortgage holder and the BCHA as the second mortgage holder.

S. Schoeneman of NeighborWorks Green Bay then spoke to this issue. He added that the homeowner's intention was to sell the property before it got to a foreclosure situation. The property was appraised at \$67,000; they received an offer for more than that, but still significantly less than what the original loan was for. The first mortgage company will take a loss of approximately \$32,000. Based on verbal conversations, the offer to the BCHA is that they would pay off half of the remaining loan balance of \$5,000 up front, and the other half from regularly-scheduled payments. The "regularly-scheduled payments" portion has not yet been negotiated. The closing date will be March 20, 2013.

R. Hallet then asked S. Schoeneman if they had approached the homeowners with a repayment proposal yet. S. Schoeneman responded that unfortunately the communication between the organization and the homeowners has been disjointed, and much of the communication has gone through the realtor. At this point, they have verbally accepted this. She then asked if they have talked specific dollar amounts to which he replied that the loan is \$5,000; \$2,500 would be paid back upfront, and the remaining \$2,500 would be paid back in regularly-scheduled payments, which have not yet been determined.

R. Aicher then summarized the situation, stating that this is a short sale situation. The remaining loan balance from the BCHA is \$5,000; the homeowners are willing to pay the BCHA \$2,500 at closing and pay the remaining balance over scheduled payments which have not yet been set.

R. Hallet made note that this item was listed under "informational" because there was a strict timeframe in which if there was not at least a verbal agreement, the situation would reach a dead end, and at that point a foreclosure would most likely ensue. R. Hallet stated that she discussed this with R. Aicher and they determined that it would be a good option to approach the homeowner with the option of repayment of the remaining balance of the loan. This item is not up for approval, but to inform and make the Authority aware of the situation.

R. Aicher added that when R. Hallet called him looking for guidance, the thought was that they sold the house for less than what the loan balance was, so they would probably end up writing up a loss. He suggested that often what happens is rather than defaulting, a financial ability assessment needs to be made. He added that just because a home is under water does not necessarily mean that the debt cannot be repaid. He added that his opinion is if the BCHA can get half of the loan balance at the closing, and the rest in terms of a reasonable monthly payment, it sounds like a good plan. R. Hallet added that she does not know the family's financial situation, but since they moved because of a better job opportunity, this indicates that they do have some income. Though there are medical issues, they should be able to come up with a plan that within five or seven years or some other reasonable timeframe, this could be repaid. R. Aicher inquired if staff would take care of determining the reasonableness of the repayment, to which R. Hallet responded that they could. R. Strong added that they could come back with the paperwork for the March 18, 2013, meeting to take action on this so they could follow through with the closing date of March 20, 2013.

The Commissioners are in agreement on this arrangement.

NEW BUSINESS:

6. Discussion and possible action regarding an RFP for BCHA's Housing Choice Voucher Program or an additional extension to the HCV Contract with ICS

R. Aicher stated that the negotiations between Randy Gast and John Heugel have been ongoing since the last meeting. He asked R. Hallet to lead the discussion as to what the current situation is.

R. Hallet reported that after the last BCHA meeting she gave J. Heugel an update and asked that he contact R. Gast (ICS' attorney) to work on a draft of an extension, and that has been in the works since. A draft was put together recently, which staff reviewed. There were some significant concerns on several areas which they had just communicated to ICS today. The top page of the handout outlines the items that the BCHA would like to amend from the draft.

J. Heugel stated that he spoke with R. Strong and R. Hallet that morning. The document was in a PDF, so some of the edits could not be made. R. Gast and his team created a Word document, and they are literally in the process of finalizing the edits. He added that he sent that version to R. Strong 30 minutes before the meeting, understanding that they would not have had time to look it over. He then went on to describe some of the edits. #1, which changes the extension date from 2016 to 2015, has been made in the agreement, as well as several other items. He added that from his perspective the next step is to review and amend the proposal based on the discussions.

R. Gast added that there has been good faith and dialogue on both sides. As a result of all of the issues surfacing over the summer, both sides got to see what each other's concerns are. He added that he crafted two exhibits. One is a list of aspirational goals and expectations that both sides could work together toward to make the program better, more efficient, and would enhance customer services. This addresses the main concerns that the BCHA had regarding better customer service and better fraud recovery/prevention and to give the BCHA more control in terms of oversight. The other exhibit contains additional obligations. The centerpiece to any extension is the 2009 contract, and that goes forward in full force and effect with the additional expectations and obligations. He added that the obligations were primarily in the context of financial accountability. As he mentioned before, through discussions ICS got a better feel for issues which the BCHA was concerned about, and through staff discussions, the BCHA has a better understanding of some of ICS' concerns.

Two of the primary areas were in terms of staffing and compensation. He believes that they have come up with a very good model. Essentially a floor has been created in which ICS cannot go below because of organization and structure; they believe they have a lean organization in place. Their concern has been that if they give too much control to the BCHA and they go below that floor, ICS will have a problem meeting their requirements. This whole process has also allowed ICS to understand the BCHA's concern that there needs to be a ceiling. If ICS wants to add positions or different levels of staffing to its base, they would have to approach the BCHA to get approval. He added that the same would be for compensation making a floor and ceiling; they will come up with a range of reasonable compensation for each level of staffing. He understands each side's concern with having a floor and ceiling and has come up with creative ways to deal with the mutual concerns.

He explained that the 2013 agreement is already in place, and that they are working on a longer-term agreement through the end of 2015. He added that they lobbied for a longer term to be able to reassure the ICS staff, but they are comfortable with an extension to 2015. He reiterated that all of the 2009 contract components still apply. One of the aspirational goals is to have more frequent contact between the ICS Board and the Authority and more staff interactions. One of the long-term obligations is that BCHA staff and the Authority will become intimately involved with the budget and will be able to approve the budget. This enforces an environment of greater cooperation since they all have the same

goal in mind – to run the most cost-effective program possible and to best serve the clients. Through give-and-take, they are creating a document that will satisfy all concerns and does not feel that the suggested recommendations will be an issue. The compensation range still has to be finalized. He concluded that a lot of progress has been made, ICS staff is excited, and he is happy to answer any questions.

R. Aicher asked if J. Heugel had anything else to add. He stated that the first step was for ICS to make an initial attempt at putting together a document, and the BCHA has suggested some changes. As a result, he feels that the BCHA is in a position where it could forego the RFP solicitation to other contractors and endorse the concept of the proposed contract subject to the terms and conditions being satisfied. One example of this is to avoid conflicts and confusion by omitting any inconsistent terms in the 2009 contract, so it would be up to staff and legal representatives to avoid conflicts. There is no need to completely create a new document; they could safely incorporate the earlier ones and reference the sections that had been omitted, understanding that the revised document would supersede any previous ones. His recommendation is to convey to ICS that they will endeavor to reach an agreement with the BCHA consistent with the terms that had been set forth subject to the changes that had been presented earlier today.

R. Strong added that there have been some significant changes that have been initiated by ICS that show their willingness to offer a program that is consistent with what the BCHA is asking for in terms of having more control over financing, term of the contract, and inspection impact. ICS did separate their non-profit and for-profit entities, and salaries were adjusted accordingly. Additionally, ICS added areas where they could improve on inspection and financing. With that, he met with R. Hallet and B. Fauske to go over the documents. R. Strong suggested going line by line through the document to provide a full understanding of the draft. One of the things that was changed was to get away from the old contract in which percentages were distributed in terms of budgetary purposes; now they will go with a strict budget that will need approval from the Authority. ICS will submit an annual budget for the BCHA to approve; if ICS wants to make changes to the budget, they have the right to come back and request it from the Authority. This will result in one reserve account that both ICS and BCHA could use to run the program. This is where the money would come from if they wanted to add additional staff, for example.

R. Aicher asked for clarification on what document they will be going through line by line. R. Hallet responded that it is not the document that reflects the suggested current changes, but the proposed changes will be noted.

R. Strong started going through the document starting with the first page of the actual contract that would be signed by the parties. The first one starts with the 2009 contract with some amendments attached. As J. Heugel stated, those terms would still be in place. If there are any discrepancies, the new document will take precedence over the old one. The agreement effective date is the next issue. Originally it had been extended for one year, but after discussions, this has been changed to a two-year extension. The contract would extend through 2013 under the existing contract, and this extension would start in 2014 and end in 2015. R. Gast added that this is for staff morale; a three-year extension gives the incentive and reassurance that employees will have job security. A one-year extension does not necessarily do that and does not send a positive message. R. Strong responded that the reason for initially going with a one-year extension was because of the uncertainties of how the changes will affect everything and how well they will play out. He added that he

would hate to be locked into a three-year extension only to find out in one year that it has not worked as planned.

He went on to discuss that in the event that ICS and the BCHA cannot agree upon an extension beyond 2015, there is language that lays out potential courses of action including the BCHA taking the program in-house or conducting an RFP.

He added that the 2009 contract is being incorporated, and the ACC contracts will change throughout time. He then referenced Paragraph #5 and the joint reserve fund that currently exists. At the end of this year, all of those will be put into one reserve fund to be under the control of BCHA. R. Strong stated that the joint reserve needs to be addressed in some form or another with language that determines what happens with the fund.

Sup. A. Nicholson then asked if that whole paragraph will be deleted. R. Strong responded that it would be placed with something else. Sup. A. Nicholson asked if the new paragraph would be resubmitted to the Authority for approval; R. Strong responded that they had hoped to get approval with the understanding that the discussed changes will be made at this meeting as they need to quickly determine whether or not to go through with an RFP.

R. Gast asked for clarification about the changes to Paragraph #5. He asked if the change would be that there will be one operating reserve, to which R. Strong responded yes. R. Strong explained the reason for this is that they will eliminate the percentage component. If ICS needs "X" percent, that's what they run on and any excess money will remain in the one reserve account. R. Gast then asked if currently there is more than one account; R. Strong responded that there is the joint reserve and the BCHA reserve; the one reserve fund will be used in the same way. R. Gast added that this is consistent with prior practice, and since the new plan is to be budget driven, a non-budget item would need approval from the Authority.

A. Hartman then clarified that both BCHA and ICS will have access to funds. R. Strong clarified that the BCHA makes the decisions in approving and awarding funds, but either entity may make a suggestion about appropriating said funds. Ultimately the BCHA has the authority over the funds in the reserve.

D. DeWitt clarified that there is also a separate reserve for the FSS program, which can only be used for the FSS Program and asked if it would function the same way. R. Strong affirmed it would.

R. Aicher asked about Item #2 that states this agreement is effective January 2014, so for the rest of 2013 they would operate under the 2013 agreement. R. Strong stated that they discussed a mid-year transition to the new agreement, but it proved to be logistically difficult. He added that there is no reason that some of the expectations and obligations cannot be implemented over the next 8-10 months. A. Hartman then clarified that they are not required to wait until 2014 to implement some of the new provisions, but they have the option to wait until 2014. R. Strong gave the example of having a meeting of the two boards – even though it is not part of the existing agreement, they may do so. He added that, similarly if they wanted to start looking at next year's budget and ways to improve services by hiring staff, they could start talking about that. This gives the flexibility from now until the end of the year to begin transitioning to the new agreement so that when January 1, 2014, arrives, the transition can be made smoothly, and the 2014 budget can be approved in fall of 2013. R. Gast added that instead of working on the 2013 budget, which they are already in

the middle of, to focus on getting to 2014. R. Aicher just wanted to make sure that there was a transition period in process rather than making the entire transition starting January 1, 2014.

R. Strong referenced Exhibit A on the Expectations page. ICS submitted discussion points on how to improve services to the clients, which was later made a part of the contract in the form of expectations. The first point is respectful service to the public, one point that ICS would like to work on. This is a type of action that can be worked on before January 2014. Another element is vigilance in combating fraud and abuse, a key ingredient in what they do with the program. R. Strong explained a suggested change to Item C1 regarding the two boards meeting regularly – this will be deleted from this section and the moved to the Obligation section. There are other items that they think would be beneficial and would get back to the Authority if they wished to implement them. R. Strong recommended Items C4 and C6 also become part of the obligations. J. Heugel stated that rather than delete Items #1, #4, and #6 from the Expectations section, they would be moved to Obligations.

He then moved on to the discussion of obligations. The first item is access to financial information and data, that ICS will make this information available upon request. R. Strong reminded everyone that one of the initial concerns was the viability of ICS as a total organization, and that since talks over the summer, ICS has split its two entities: the for-profit section and the non-profit section. R. Gast went on to explain that the two entities are legally separate and are working hard to make sure that they are financially separate. They are attempting to do a much more direct cost appropriation because there are staff members that work in both spheres. To the extent that there may be financial overlap in indirect cost allocation, that would be set out in the budget approval process. B. Fauske then added that they are making a real attempt to separate the two entities from each other.

R. Aicher asked if, in the event that the for-profit side ceases to be profitable, what effect if any that would have on the non-profit side. B. Fauske responded that there would be no effect as the two are completely separate entities. R. Strong added that there should be some language allowing BCHA to examine the for-profit side to see the viability of the program. J. Heugel stated that they could work out a mechanism for this; the only concern is that some of the profit-loss items are not a problem. He referenced one example of being reluctant to give the BCHA a client list because it would then become public records and other items that could be a competitive disadvantage. R. Strong stated that if they see a trend that is not good for the for-profit side, that would be a time to get the two boards together to address this. R. Aicher then asked about when there is a joint board meeting – if they were going to be able to sit through the entire board meeting or just the non-profit section, or would this be a separate meeting. B. Fauske stated that he did not understand what the need to explore staffing issues on the for-profit side was when the non-profit side is a completely separate entity. J. Heugel stated that the question was asked if there can be a guarantee if the events taking place in the for-profit side would not affect the non-profit side, and the reality is that there is no way to know. His suggestion was to make a reasonable request for information deemed reasonable and necessary to assess the situation. He does not have a different way to define this more specifically, but that is what has been proposed. The best action is to make some caveat that trade secrets not be shared, that they be able to access this information if it becomes necessary or advised by either BCHA's or ICS' advisor. R. Gast stated that they could craft something that allows the transfer of reasonable and necessary information as long as there will be no transfer of information that affects ICS' competitive advantage. R. Gast added that they have no problem sharing the fundamental data, noting that this probably would not be done in a joint board meeting

because of the public requirement of the BCHA meeting. He added the bank that they deal with knows they cannot jeopardize the program, nor can they go after federal funds.

Sup. A. Nicholson asked if this still needed to be worked out. J. Heugel responded that the specific language needed to be altered so that the BCHA may have the assurance that it will be able to request whatever financial information it deems necessary and reasonable to adequately assess the financial stability of the ICS program. B. Fauske wanted to make sure that the only information transfer is that information that is relevant. R. Strong brought up the issue of shared rent between the non-profit and for-profit sectors that could potentially affect either sector; B. Fauske clarified that the non-profit and for-profit offices work out of separate physical offices that subsequently have different rents.

R. Strong then went on to discuss ICS staffing levels. He referenced Item 2C which would have required that ICS receive the same amount of money as the previous year as a minimum. R. Strong explained this isn't possible due to the uncertainty of federal funds that the BCHA will receive, so this item had been eliminated. Item #3 discusses the HCV Program staffing levels. The BCHA is asking for an organizational chart that explains the pay rate schedule, so as an Authority the BCHA will be able to determine if ICS has appropriate staffing levels. For example, if the BCHA determines that ICS needs another inspector, they would be able to do that. This would also set base salaries and maximum salaries for each position similar to what the City does. If ICS would want to exceed the pre-set rates, ICS would have to come to the Authority and request this. The organizational/pay rate chart will be provided with each budget each year. He added that they did agree that in an instance in which ICS and the BCHA cannot come to an agreement on adjustments to the organizational chart, ICS would be granted the same manpower of the structure that they were operating under in the previous year. He added that working together they would be able to fine-tune some staffing issues.

R. Strong moved on to Item #4, ICS staff compensation, which is the requirement that ICS provides the BCHA with the organizational chart including pay rates. He has not yet seen this because ICS is still finalizing it, but it needs to be included in the agreement.

R. Strong discussed the next item, software, and data ownership. ICS will train BCHA staff regarding how to make the payments to landlords, with BCHA staff performing the process once or twice a year to keep staff up-to-date on the practice. This is included so that in the event of an emergency, BCHA staff would be able to issue the checks as a backup plan. R. Aicher clarified that the BCHA owns the data but then asked who owns the software. D. DeWitt responded that ICS owns the software, and B. Fauske added that the software is licensed to ICS. R. Strong clarified that both ICS and the BCHA own a copy of the software. R. Hallet added that the Green Bay Housing Authority uses the same software, so the software is on the BCHA staff's computer system, and in the event that the BCHA data would need to be uploaded, it could. Additionally, BCHA staff can currently access data by logging in via remote access to the ICS system.

R. Strong referenced the expectation that the BCHA Board of Commissioners and ICS Board of Directors hold periodic joint board meetings. He clarified that this would be an obligation rather than an expectation. Item #6 would then state that they would have the authority to reasonably request the joint meetings. R. Gast added that the joint board meetings would likely be more frequent at the beginning of the new contract as this is a learning process for both sides. Once the systems are in place, the frequency of the joint

board meetings could likely decrease. B. Fauske added that the intention of this section is for the ICS and BCHA to really become partners.

R. Aicher clarified that there is agreement in principle; the only issues that need to be worked out are concerning language. R. Gast responded that ICS is happy with the agreement, adding that staff has done a very nice job. B. Fauske added that concerning levels of service, ICS has their core organizational chart and he would like to have continued discussions where ICS thinks they could improve fraud prevention, for example. These issues are not necessarily budgeted for annually, nor would they be full-time. These items are positions that could be included to improve service. He referenced the scanning as one such position. He added that he would like to continue discussion on the joint funds and work on how to improve the program.

R. Aicher opened up discussions to the Authority. Being none, R. Gast reinforced the emphasis on partnership under the new contract, particularly with the budget process. He added that the budget process allows both ICS and the BCHA the opportunity to work together and come up with ways to make the program more effective and efficient.

R. Aicher then expressed his appreciation for the time and effort put in by R. Strong, R. Hallet, and ICS to attempt to move forward. R. Gast added that in terms of process, he and J. Heugel can work through the marginal changes and make sure all are on the same page with regard to the pay range and organizational chart. He then asked if the final version should be brought back to the BCHA at the March 18, 2013, meeting. The Authority agreed that they need to move forward on this, either they do that or conduct an RFP, but first see a finalized version of the contract a minimum of one week in advance of the next meeting in order to make a decision.

A motion was made by Sup. A. Nicholson and seconded by T. Diedrick to approve the amended agreement with the changes, direct legal council to prepare this and bring back to the March 18, 2013, meeting of the Brown County Housing Authority, and to include the salary information prior to the next meeting. Motion carried.

REPORTS:

2. Report on Housing Choice Voucher Rental Assistance Program

A. Preliminary Applications

P. Leifker reported that there were 119 preliminary applications for January 2013.

B. Unit Count

P. Leifker reported that the unit count for January 2013 was 2,979.

C. Housing Assistance Payments Expenses

P. Leifker stated that the HAP expense for January 2013 was \$1,176,690.

D. Housing Quality Standard Inspection Compliance, including summary of deficiencies

M. Roberts reported that there were 371 inspections for January 2013. Of those, 58.76% passed the first inspection, 24.26% passed their reevaluation inspection, and 16.98% failed their inspection. Next he presented the report requested by Sup. A. Nicholson that breaks down the specific reasons for failed inspections. M. Roberts stated that he did a manual breakdown of the inspections that lists every failed item. There is another breakdown as to what some examples of each failed items are.

A. Hartman stated that these issues are very distressing because she has seen some of

the homes, they are not suitable for habitation, and does not understand how some continue to be able to participate in the program. M. Roberts stated that once they fail an inspection, they have the opportunity to remedy the issues and deficiencies and be re-inspected in a timely manner, generally within 30 days. A. Hartman asked if they do not pass the re-inspection, if the assistance is abated until the repairs are made. If the repairs are not made within 90 days, their administrative plan allows them to remove assistance from the property that did not meet inspection standards.

R. Strong added that ICS refers failures to the City Inspection office. M. Roberts added that after speaking with R. Hallet, the agreement is if there are homes that do not pass, and do not wish to participate in the Section 8 program because they do not want to make the repairs, M. Roberts will inform R. Hallet of the unit and landlord, and regardless of municipality, she will contact the appropriate agency and authority to address this. If there are cases in which M. Roberts feels there is a health or safety risk, again he will let R. Hallet know, and she will follow up with the appropriate authority. A. Hartman asked about instances in which the home has no smoke detector. M. Roberts responded that they would deem that "life threatening", and they would have 24 hours to fix the issue. M. Roberts stated that one of the biggest issues they have is with carbon monoxide detectors because it is a state law, and the program is a federal program. They encourage landlords to adhere to the state law but cannot enforce it because it is a federal program.

R. Strong added that the data is helpful for working with the landlords and work ahead of the curve to prevent these issues from happening in the future in an effort to see the failure rate drop. M. Roberts stated that some of the failure rates have started to drop due to procedural changes. They have also improved customer service aspects, specifically if a unit fails only for smoke detectors. The Inspector would return in a timely manner, perhaps even the same day, if the landlord quickly remedies the situation. Also he added that landlords are given a checklist and an envelope that specifically states to make sure that smoke detectors are working properly.

Ald. D. Boyce from District 7 asked if there is anything being done to address the issue of serial flipping, or renters that move from one dwelling to another and leave a trail of red tags along the way. D. Payne stated that if they move from one dwelling while on assistance to another unit in which they desire assistance, there are forms that need to be filled out by the previous landlord stating the tenant is in good standing in order to move forward. The tenant could potentially lose their assistance if they attempt to move and are not in good standing with their landlord. Ald. D. Boyce presented the possibility of a landlord issuing a good standing status in order to get that tenant out of the property. R. Hallet responded that that could happen, but what most likely happens is the landlord will tell ICS about the issue in an effort to collect their money. R. Aicher added that the tenants Ald. D. Boyce is referencing may not even be on assistance. R. Strong stated that perhaps they could come up with a way to track this issue; A. Hartman added that the landlord association may be able to do something or have more information. R. Aicher thanked Ald. D. Boyce for the question and noted that the BCHA will take the issue under advisement.

Sup. A. Nicholson thanked M. Roberts for providing the detailed report. R. Hallet asked if this report is something that the Authority would like to see every month. Sup. A. Nicholson said that this initial report puts the inspections in a proper frame and would not necessarily be required every month. A. Hartman asked if this had regularly been

tracked; M. Roberts responded that not to this extent due to the limitations of a tenant-based system, and the summary provided was done manually. He suggested running a spot check on this every four months, all were in agreement that this is a good suggestion.

- E. Program Activity/52681B (administrative costs, portability activity, SEMAP)
 - D. DeWitt reported that there were 284 port-outs with an associated HAP expense of \$216,559. She also reported that ICS overspent by \$15,224 in January 2013 and FSS was underspent by \$1,371. She added that port-ins were all VASH port-ins.
 - F. Family Self-Sufficiency Program (client count, escrow accounts, graduates, new contracts, homeownership)
 - D. Payne reported that there were 91 FSS clients in January 2013, 34 of them had escrow, the savings account which has seen an increase, and there were no graduates, 2 new contracts, and 75 homeowners.
 - G. VASH Reports (active VASH, new VASH)
 - D. Payne reported that there were 19 VASH clients for January 2013.
 - H. Langan Investigations Criminal Background Screening and Fraud Investigations
 - P. Leifker reported that there were 4 new investigations for January 2013, all of which were closed. Two new applications were processed, and both were approved.
 - I. Reasons for Background Screening Denials
 - P. Leifker stated that this was a new item requested at a previous meeting explaining why Langan denied an application that ICS approved. Two were identified as missed by ICS, and they went back to do some investigating to find out what happened. In the first incident, an item was added to CCAP after ICS had done the investigation, and in the second, the incident occurred after the background check was done.
- A. Hartman asked if CCAP had been updated, ICS would have caught the issue right away. P. Leifker said that they would have.
- R. Hallet asked since this was a special request, if the Authority would like this report regularly or if it was a one-time request. Sup. A. Nicholson stated that he would like this item required. R. Hallet then asked how much staff time is required to produce this report. P. Leifker responded that it would not be a problem to provide this on a regular basis as it does not take a significant amount of time.

OLD BUSINESS:

3. Discussion and possible action on request by ICS for use of joint reserves for Port Out fees

D. DeWitt explained how port-outs work. She stated that bringing a client onto the program is really no different than a client who stays in Brown County; the timeframe and investment are the same. The receiving PHA will issue the lease and contract instead of ICS; they will also determine the payment standards. Also, payment standards in metropolitan areas are higher than in Brown County; for example, a Brown County payment standard could be \$800, whereas in a metropolitan area it could be up to \$2,000. The ICS portability specialist receives all interims, moves, annuals, and termination changes from the receiving PHA. ICS currently receives approximately 50-75 of such changes per month, which can take from 15-30 minutes each to update in the Housing Pro system. Each month, invoices are sent to

ICS from the receiving PHA to review and ensure accuracy of the HAP administrative fee and utility reimbursement. There are currently 20 plus PHAs sending invoices to ICS monthly, and verifying this information can take 2-5 hours. She then explained the administrative fee formula, which is complex: ICS gets a "per unit" fee of \$47.12, but the portability cost is 80% of 80% as laid out by HUD. Therefore, on a monthly basis the receiving PHA gets sent \$30.16 from ICS, leaving ICS with \$16.96 to administer the portability payment, which doesn't cover the administrative expenses that are created during the steps explained above. She then referenced a graph showing trends in portability, which have significantly increased in the past couple of years.

In 2011-2012 there was an increase in portability due to the fact that the waiting list opened up. A. Hartman asked why people leave, and D. DeWitt responded that unfortunately they did not track the reasons. They are not asked to do so by HUD. R. Hallet added that a lot of times people relocate because of family. D. DeWitt then referenced the administrative expense associated with portability, which shows what ICS has paid out to other PHAs, pointing to 2012 which showed that \$70,000 of the administrative funds from ICS/BCHA has been sent to the receiving PHAs. The HAP expense is also associated with this; \$2 million of HAP expenses had gone elsewhere as well.

D. DeWitt stated that essentially what they are asking can be related back to January 2013 reports where ICS was overspent; a portion of that was the port-out administrative expense. She added that this isn't a typical budgeted item because it is not anything that ICS can control as evidenced by volume from 2006 to 2012. ICS is looking to the BCHA for guidance to not have this be a regular budgeted item and something that BCHA pays out of the joint reserves.

A. Hartman expressed her dissatisfaction with the fact that someone could receive HCV assistance in Brown County and shortly thereafter move elsewhere. D. DeWitt explained that ICS has brought this issue to HUD, and there are instances in which they can deny portability. However, if someone establishes residency in Brown County, they have to allow portability. R. Aicher asked what the administrative process for this is. M. Roberts added that they are also required to provide two current proofs of residence along with a photo ID that has the same address on it.

R. Aicher concluded that there is very little that the BCHA or ICS can do about this because it is a federal program. R. Strong stated that the issue is with the distribution of costs. R. Aicher asked if this item would be included in the budget submitted to the BCHA from ICS. R. Gast responded that this is a great example of a problem he would like to see the BCHA and ICS work together on. ICS could budget for port-out fees, but because of the uncertainty, they would potentially have to eliminate other positions. He added that he would like to see ICS work with the BCHA toward a solution. Sup. A. Nicholson asked if there was a way to find out why there are so many port-outs and why people move. R. Hallet responded that they could surmise why that's the case indicating that they have an open waiting list, whereas many other metropolitan areas do not. For example, she cited Chicago which is not accepting applications, and their waiting list is currently 10 years long. She added that someone who really needs a voucher could move to Brown County, establish residency, obtain a voucher, and then move back to where they were not able to get assistance initially, and that falls within the scope of the program legality. D. DeWitt added that ICS could pay for their assistance infinitely unless the new PHA decides to absorb that cost, which they haven't seen, and there is no incentive for the new PHA to do so. If the waiting list of the new PHA opens up, the receiving PHA would then be required to

absorb these voucher costs. Sup. A. Nicholson asked for clarification on the situation in Chicago to which R. Hallet responded that that is just one example from the country in which the PHA does not accept applications because their waiting list is closed due to lack of funding to issue vouchers. D. DeWitt added that PHAs have to balance the HAP funding with what HUD allows with the acceptable voucher unit count. R. Hallet added that this is not a situation unique to Brown County, and she had recently heard of instances like this in Door County.

B. Fauske stated that the requirement for multiple forms of ID is one way to mitigate the issue, but this is a challenging problem to address in budget form because it is difficult to plan for. R. Strong asked if they had a number right now that they are requesting, to which D. DeWitt replied a minimum of \$70,000, the amount that it was for 2012. Sup. A. Nicholson asked if they had budgeted for this in the past. D. DeWitt responded that they had not because it did not become a serious issue until 2011.

R. Aicher asked the Authority if they had a decision to move forward on this. He summarized that ICS is asking for up to \$70,000 from the joint reserves for the budget year 2013 to cover the port-out costs. Sup. A. Nicholson wants to find out the reasons for the port-outs because there has been a significant increase. R. Strong asked what ICS could prepare to address the reasons. Sup. A. Nicholson stated that before going to the reserve funds, he would like to see the reasons why this is happening. D. Payne stated that they are not allowed to ask clients why they are moving because it is an invasion of privacy, and if they qualify to be on housing assistance, they have the right to take their voucher and move elsewhere. In order to address this issue fully, a legislative change will be necessary. ICS can continue to ask questions on suspicious utility bills or bank statements. R. Strong asked if they would be able to figure out how long people were in the area before they ported-out.

R. Aicher stated that before the BCHA puts \$70,000 toward this, they'd get a better handle as to what is happening. He then asked if they would be able to ask why they are leaving and give clients the opportunity to voluntarily give the information. D. Payne responded that she did not know the legality of that and would have to further look into it. D. DeWitt added that this issue has been brought to HUD's attention, and ICS had been proactive in trying to prevent this from happening, but HUD has hindered that effort. A. Hartman added that they could track how long clients are staying in the area before they port-out.

R. Aicher suggested that staff come up with any information and data that could be tracked to further explain why there has been such a stark increase in the past couple of years and bring those suggestions back to the March 18, 2013, BCHA meeting.

A motion was made by Sup. A. Nicholson and seconded by A. Hartman to wait to make an action on this until staff comes back with any data that can be tracked. Motion carried.

NEW BUSINESS:

5. Review and approval of Resolution No. 13-02 certifying the Brown County Housing Authority Annual SEMAP submission for fiscal year ending December 31, 2012

P. Leifker stated that this is the system required by HUD to determine the rating for the Housing Choice Voucher program. Last year they scored 135/135; they are expecting a score of 130/135 this year, or 96%. Any score above 90% is considered a high performer. The reason for the slight decrease is a score of 15/20 on Indicator 13: Lease up: 98% of

vouchers/budget because they are currently waiting on final utilization. To receive a 20/20, they have to be at 98%; to receive 15/20, they have to be at 95%. ICS was confident that they would be above 95%, so anticipate that score for this particular indicator.

A motion was made by Sup. A. Nicholson and seconded by A. Hartman to approve Resolution No. 13-02 and place on file. Motion carried.

7. Review and possible approval of the BCHA budget for the 2013 calendar year

R. Aicher stated that they had looked at the budget at the January 21, 2013, meeting. R. Hallet added that since that meeting she had not heard from any of the commissioners, and as such no changes have been made.

A motion was made by Sup. A. Nicholson and seconded by A. Hartman to approve the BCHA budget for the 2013 calendar year. Motion carried.

INFORMATIONAL:

8. Update regarding Cardinal Capital's request for 120% FMR for Veterans Manor – Green Bay

R. Hallet reminded the BCHA that at the January 21, 2013, BCHA meeting they had agreed to grant Cardinal Capital's request for 120% FMR for Veterans Manor in Green Bay at their assurance that HUD Milwaukee would approve this. She contacted HUD Milwaukee to find out what documentation they needed to make the request, and they responded that such a request is not permissible. She clarified that approval beyond 120% cannot be made neither for PBV nor for specific properties; instead it would have to be done across the board to all properties in a particular area (if that area met certain requirements), and that would have significant implications for the program. She added that she let Cardinal Capital know about the situation, and they are looking into it and will get back to the BCHA. Now, Cardinal Capital needs to determine if this is feasible and how they wish to proceed.

9. Update regarding General Capital's tax credit application for Larsen Green property

R. Strong informed the Authority that General Capital had asked to hold off and go into a very competitive program application. Since then, Larsen Green has received two other offers; as a result General Capital removed their applications because of the many conditions on their application, realizing that this would probably not move forward. They are still in communication and may look at other properties in the future.

11. Update regarding ICS scanning personnel

D. DeWitt reported that they brought the previous scanning temporary employee back who has since determined that the work is too tedious and left. She added that they have since brought on someone who will be doing a 90-day period working with Workforce Development. She added that Workforce Development will pay 50% of her wages if ICS pays 50% during the 90-day period.

BILLS:

None

FINANCIAL REPORT:

None

STAFF REPORT:

R. Hallet reported on the status of the Senior Accountant stating that they have received applications and have reviewed the ones that have come in. She added they will hopefully begin interviews within the next couple of weeks.

R. Aicher asked if there was any information regarding a replacement commissioner for D. Hallet. R. Hallet reported that the County Executive selected Corday Goddard, Assistant Dean of Student Development at St. Norbert College. He will be appointed later this week.

R. Aicher thanked everyone for their participation.

A motion was made by Sup. A. Nicholson and seconded by A. Hartman to adjourn. Motion carried.

Meeting adjourned at 5:02 p.m.

Mmr:rah:ejns